



Frequently Asked Questions (FAQ's)

1. What is an operational referendum? What is a capital referendum?

An **operating referendum** is used to support daily operations and help maintain current programs and services. For many communities, an operating referendum offers a solution to manage funding gaps while keeping 100% of referendum tax dollars in the district and aligned with community expectations for their local schools.

A **capital referendum** allows a district to take out a loan (issue debt) to pay for major facility projects. Much like a home mortgage, a facilities referendum is typically financed over an extended period, often 20 years.

The Hustisford School District is asking for an operating referendum on the April 1 ballot.

2. Why are we going to referendum?

For two years in a row, the state gave school district zero increase in the state-imposed revenue limits; while inflation was at historically high levels. This caused a significant challenge for rural schools, like ours. With a lack of consistent, predictable, sustainable funding 85% of school districts in Wisconsin have needed to secure additional funding through a voter-approved referendum. The Hustisford School District is facing a budget deficit and will continue to do so without additional funding. This is not sustainable. We are asking voters to consider an operating referendum to secure funding to maintain current programming and services. The funding will help to balance the budget, maintain current programming, work to re-build the fund balance, and help to prioritize the maintenance concerns within the district.

3. What are the District's priorities with the operational funds?

- Maintain current programs and services for students
- Attract and retain high-quality staff
- Re-Build fund balance
- Prioritize and address district-wide maintenance concerns

4. What are the priorities that the board has established for maintenance?

The school board has identified several priorities when looking at maintenance within the district. The top three priorities that the board has identified to be taken care of as funds are available are: JHE boilers, HS air conditioning issues, and HS roof. The board also fully understands that there are many other maintenance needs that need to be addressed. In the past, the board sought a capital referendum to help with some of these needs. The district invested funds to update the HS boilers to help reduce costs in the future. The district continues to monitor the needs within the buildings, but the number one priority at this time is to balance a budget and re-build the fund balance to help with future maintenance needs.

5. How did the district arrive at \$800,000 per year for three years for the question?

The current budget shortfall was just over \$560,000.00. The \$800,000 per year will help to balance the budget and allow for extra funds to remain in Fund 10 Fund Balance. This is to help reduce short-term borrowing throughout the year. As the fund balance builds, we will use the remaining funds to work on needed maintenance projects. These projects will not happen immediately however; it will take time to get funds established. Funds approved in April of 2025 will not make their way to the district until January of 2026 due to how the district receives funds from municipalities and DPI. Until that point, funds will remain tight and short term borrowing will remain necessary.

6. What is the tax impact of the referendum?

If approved, the referendum would increase the mill rate by an average of \$1.79 over the three years that we exceed the revenue limit. Each year has a different impact. The first year the mill rate would increase \$1.47, the second year \$1.96, and the third year \$1.94. This averages out to \$1.79 over the three-year span. This would represent an average of \$179 for every \$100,000 of property value. Again, this is the average, each year would be a bit different.

Year 1: \$147 for \$100,000 value

Year 2: \$196 for \$100,00 value

Year 3: \$194 for \$100,000 value

7. What is the mill rate (also known as a tax rate)?

School district property taxes include levies for general operations, debt services, capital expansion, and community services. Property values are equalized to reflect market value rather than local assessed value. The equalized levy rate is the total property tax levy divided by the current year's equalized property value with tax incremental financing (TIF) values excluded. Levy rates shown are in "mills" or property tax dollars

levied per \$1,000 of equalized property value. [Source: Wisconsin Department of Public Instruction]

It helps to think of the mill rate as a unit of tax. The mill rate is the total levy divided by the total property value. Rather than dividing the levy equally by the number of taxpayers, the levy is distributed equitably across property values by the unit rate.

8. How is tax impact calculated?

The tax impact is calculated as the estimated change in the mill rate for the referendum dollars sought over the projected mill rate.

9. Why is fair market value or equalized value used to determine tax impact?

Fair market value (or equalized value) is the estimated worth of properties in a municipality or school district. Property assessments differ by municipality, so equalized value helps to standardize them. This ensures that all property owners are taxed fairly based on their property's actual value, creating a more consistent tax system. In Wisconsin, schools must use fair market value, which is shown on your tax bill.

10. My property is getting assessed. What does this mean for my school taxes?

A property reassessment adjusts property values in your area to reflect current market conditions, aligning them with fair market value (or equalized value). This ensures that tax burdens are fairly distributed.

While a reassessment does not change the tax revenue collected by the school district, it can affect how much you personally pay. If your new assessment increases more than others, your tax share may go up. If it increases less than others or decreases, your share may go down.

Think of the school district's tax revenue as a pie. The total pie—the amount the district collects—doesn't change, but your reassessment affects the size of the slice. If your property's value rises more than others, your slice gets bigger, leading to higher taxes. If your property's value increases less than others or decreases, your slice shrinks, and you may pay less.

11. Why did my property taxes go up in the past when you said the mill rate went down?

Each person who owns property is taxed by multiple entities. These entities include, but are not limited to Dodge County, Hustisford School District, Moraine Park Technical College, State of Wisconsin, and the local municipality in which you live or your property is located. All of these entities play a role in how your tax bill is calculated. The levy from each of the entities, as well as overall property value, will determine the overall tax bill.

12. How much debt does the District currently have?

The District is one of only 10% of Wisconsin schools that do not have any referendum debt. However, the District has used its borrowing authority to fund items. The District currently has two loans with Hustisford Bank. One loan, used for gym improvements, including a complete floor refinish and new bleachers has an outstanding balance of \$7,354.20. This loan matures on June 16, 2025. The other loan was used for HVAC updates and has an outstanding balance of \$69,268.50. This loan matures on September 3, 2031. The District also has used lines of credit and short-term borrows to meet day to day operating expenses throughout the past year. At this time, we do not have any outstanding balances on those loans or lines of credit.

13. What is a fund balance and why do I hear people asking about it?

A fund will have "balance sheet" accounts consisting of "assets," "liabilities" and "fund balance" and a series of "revenue" and "expenditure" accounts. A "fund balance" is created or increased when fund revenues exceed fund expenditures for a fiscal period. Correspondingly, a fund's balance is decreased when fund expenditures exceed fund revenues. The balance sheet accounts identify the assets that belong to a fund--such as cash or a grant payment receivable--and what liabilities it owes, such as accounts payable to a supplier. The difference between the fund's assets and liabilities equals the "fund balance." A positive fund balance represents a financial resource available to finance expenditures of a following fiscal period. A deficit fund balance can only be recovered by having revenues exceed expenditures in a following fiscal period. Determination of an appropriate fund balance is a critical factor in district financial planning and budgeting processes but it is strictly a local matter. DPI makes no recommendation regarding the amount a district should have as its General Fund balance, except that DPI encourages districts to seek legal counsel should they contemplate budgeting for and/or operating with a negative general fund balance.

A district with an appropriate fund balance can:

- avoid excessive short term borrowing thereby avoiding associated interest cost
- accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs
- demonstrate financial stability and therefore preserve or enhance its bond rating, thereby lowering debt issuance costs.

14. What will happen if this referendum does not pass?

The District will continue to have the need to short-term borrow funds for day-to-day operations. The District will be in a financial situation that is both challenging and unstable. Cuts will need to be made to work toward balancing a budget. However, the

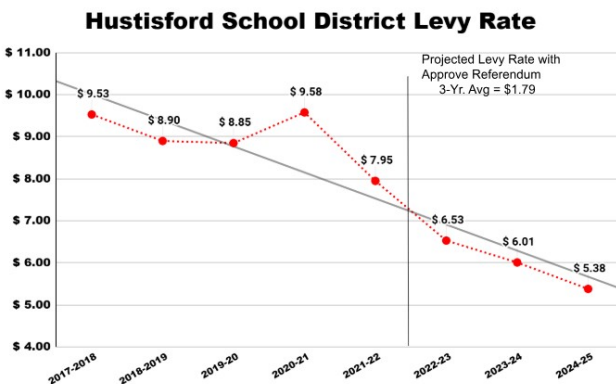
cuts that will need to be made are substantial. The District would need to look at nearly \$600,000 in cuts in order to balance the 2025-2026 budget. This would be a monumental task for the board and administration. Programs, staffing, and services would be looked at in order to accomplish these cuts. Adversely, if cuts to programming and services are made, it is likely that the District would lose students due to these cuts. This then creates a bigger challenge for the District as enrollment and incoming revenue would decline.

15. When looking at area mill rates, where does the Hustisford School District fall?

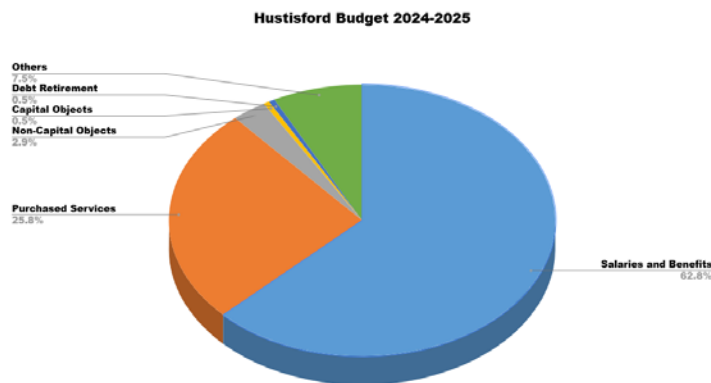
	2021	2022	2023	2024	2025
Beaver Dam	\$8.99	\$8.29	\$7.76	\$ 7.09	\$6.89
Dodge land	\$10.47	\$9.33	\$6.77	\$ 6.42	\$6.16
Horicon	\$10.43	\$9.22	\$8.94	\$ 7.46	\$7.00
Hustisford	\$9.58	\$7.95	\$6.53	\$ 6.01	\$5.38
Lomira	\$9.42	\$9.11	\$9.02	\$7.30	\$7.06
Mayville	\$9.32	\$9.32	\$7.82	\$ 7.27	\$6.99
Randolph	\$12.40	\$12.15	\$11.73	\$8.36	\$8.47
Watertown	\$8.98	\$8.90	\$7.31	\$ 6.40	\$5.99
Waupun	\$8.56	\$7.63	\$7.16	\$ 7.08	\$6.50
Average	\$9.22	\$8.64	\$7.68	\$7.18	\$6.72

Historical Mill Rate Data for Area School Districts from 2021-Current
Highlighted Districts will have an April Operational Referendum on the ballot

16. What has our mill rate looked like historically and where would it be if the referendum were to pass?



17. What does the annual budget look like for the Hustisford School District?



- *Salaries and Benefits* – salaries, wages, stipends, insurance, FICA, retirement
- *Purchased Services* – contracts, utilities, travel, payments to other governmental units
- *Non-Capital Objects* – supplies, curriculum materials, software, any equipment under \$5,000
- *Capital Objects* – capital equipment, vehicles, real estate, renovations over \$5,000
- *Debt Retirement* – principal and interest payments on term debt
- *Other* – liability insurance, unemployment, legal judgements, refunds, aid to other districts, dues and fees

18. At a recent informational meeting, a question was brought up concerning Act 10 and what it would mean for our district if it were to be repealed?

At this time, Act 10 is caught up in the courts. It is very likely going to be tied up for some time. More information on Act 10 can be found at: [chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://docs.legis.wisconsin.gov/2011/related/lcactmemo/act010.pdf](https://docs.legis.wisconsin.gov/2011/related/lcactmemo/act010.pdf).

In the meeting it was stated that if Act 10 were to be repealed that taxpayers would see tax increases. It was also stated that there is a calculator out there to tell taxpayers how much taxes would increase. There is a calculator, but this is just saying that if a bargaining unit were to look at where they would have been if Act 10 had never happened. The calculator is stating that the district would have to increase their taxes to account for this. This is not how that would work. The State is not going to tax people if this is repealed. The district cannot exceed the state imposed revenue limit that has been set and therefore would not be able to tax for any of this cost without a referendum to exceed the revenue limit. There are many things that would have to happen if Act 10 were repealed and these things will take time. Our district would seek legal advice if this were to happen on the next steps. There is no additional tax from our District that will be going into place if Act 10 is repealed.

19. At our two informational meetings, the question was asked, “What is being done in Madison to help our schools?”

At this time, I do not have the answer for that. What I can provide you is information on the legislators that represent our district so that you can ask them that very question.

Senator John Jagler—Email: Sen.Jagler@legis.wisconsin.gov Phone: 608-266-5660

Representative William Penterman—Email: Rep.Penterman@legis.wisconsin.gov
Phone: 608-237-9138